

# **United States Marine Corps**

## **Business Plan**

14 July 2000

Enclosure (1)

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## EXECUTIVE SUMMARY

This plan implements the Commandant's direction in managing the Business Enterprise of the Marine Corps through application of better business practices and updates the plan issued by the ACMC on April 26, 1999.

The business plan focuses on significant change, relying on the chain of command to identify specific areas and initiatives that will result in major improvements in business processes and support provided to the operating forces. The improvements will result in significant savings to the Marine Corps. This plan addresses all installation activities—both inherently governmental and commercial activities. It subdivides the challenge into four focus areas, defines policy associated with each area, and provides specific implementing strategy and action items for each area.

The four focus areas are:

I. Planning. "Laying the groundwork for successful management of the Business Enterprise" focuses on strategic planning to guide and enable measurement of successful implementation of process improvements and the resulting savings. The planning process incorporates the new DoD strategic sourcing assessments that assist commanders in choosing which reform methodology to use, i.e., competitive sourcing, regionalization, consolidation, partnering, elimination, privatization or business process reengineering/process improvement.

II. Execution. "Implementing best business practices from the private and public sectors" focuses heavily on improving visibility of performance and resource information and using that information to make better decisions. The primary goal is to significantly reduce the total resources consumed by installations without reducing support to operating forces.

III. Metrics and Reports. "Measuring outcomes and monitoring progress of the business plan" establishes requirements to monitor progress in implementing the business plan. Progress reports must be sufficient to satisfy independent auditors that the FY99 baseline is accurate and that sustained savings were achieved.

IV. Human Resources. "Taking care of our people and implementing best practices in managing human resources" recognizes the importance of our dedicated workers, establishes methods to minimize impact of changes on the workforce, keeps the workforce fully informed as the process proceeds, and equips the workforce with business skills and tools.

Since the first business plan was published in April 1999, many, significant accomplishments have been achieved by installation commanders and their staffs to include:

- Achieving FY00 savings goal to realign \$9M from installations budgets to modernization.
- Initiating actions to realign over 1,900 Marines from installations to operating forces.
- Meeting mandate to compete commercial activities by announcing more than 4,300 billets.
- Developing and implementing a plan to install uniform activity-based performance and cost management software and tools at 16 installations.
- Beginning to develop activity-based performance and cost management skills.

This revision to the business plan is required to (1) sustain and build on these achievements and (2) make best business practices integral to the way we do business.

The Installation Reform Division (LR) of the Deputy Commandant for Installations and Logistics DC I&L, Headquarters Marine Corps, is assigned responsibility to coordinate implementation of this plan and the use of best business practices across the Marine Corps. LR will utilize the MAGTF Advocates to integrate better business initiatives and significant matters of Corps-wide interest with their respective Advocacy Boards to ensure corporate understanding and support.

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## BACKGROUND

### Operating Environment and Fiscal Assumptions

Our 21<sup>st</sup> century Marine Corps faces two critical challenges in meeting its national security objectives--aging equipment and facilities, and continued reduced national resources dedicated to defense. Combined with these issues are the high expectations our Marines and family members justifiably have for quality of life support, undiminished OPTEMPO in support of the theater combatant commanders, and the imperative to invest more money in modernizing the Corps.

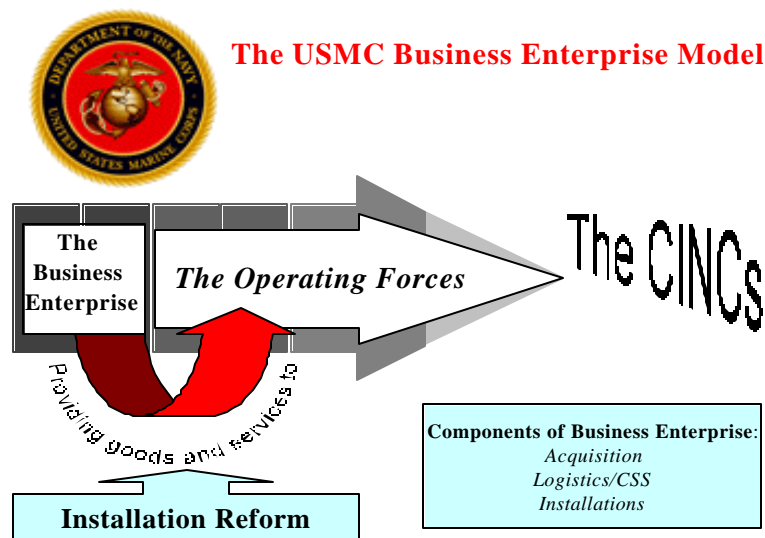
The resource dimension of these challenges is such that we can no longer rely upon meeting them through an increased budget top-line. More money will not be made available to solve all our problems. Therefore, the Marine Corps must help itself, in part, through embracing the strategies and goals contained in this business plan.

The focus of this plan is on the installations component of the Business Enterprise. Other related initiatives such as Integrated Logistics Concept (ILC) pertain to other components of the Business Enterprise. Installations are the 5<sup>th</sup> element of the MAGTF and comprise one of three components of the Business Enterprise (depicted in Figure 1). Marine Corps installations are challenged to simultaneously:

- provide quality service demanded by operating forces, individual Marines, and family members,
- identify efficiencies that can contribute savings to resource requirements of the operating forces,
- significantly improve the justification associated with their own resource requirements, and
- maintain fidelity to the principle of taking care of our people, especially our civilian Marines, who are key members of our support team.

The business plan focuses on continuous improvement in the delivery of goods and services to the operating forces, the individual Marine, and family members while reducing costs and overhead. It builds upon many recent, national initiatives such as the Commission on Roles and Missions and the Defense Reform Initiative. It represents the changes that will continuously occur in the way we do business. This plan will enable the Marine Corps to transform its installation workforce into outcome-oriented, activity-based, world-class managers of resources. Marine installations must work better, cost less, and produce results that the operational commanders desire. The plan addresses strategies and actions for reviewing the full spectrum of installation activities to achieve the changes --large and small--needed to ensure these improvements and savings materialize and are auditable.

Figure 1



## **Vision**

*Marine Corps installations, the 5<sup>th</sup> element of the MAGTF, are world leaders in the management, use, and accountability of resources. Installation commanders consistently meet the demands of their mission to deliver high quality goods and services to the operating forces, individual Marines, and family members through a vigorous and systematic application of the Marine Corps leadership principles and best business practices.*

## **Guiding Principles**

1. Management of Marine Corps installations will embody a comprehensive, outcome-based management approach that encompasses a full range of available performance improvement and resource saving initiatives. These initiatives, and the tools and skills necessary to implement them, will be continuously refined through the active collaboration of all Marine Corps commands and through interaction with the other Services, other government organizations, and the private sector. The initiatives all share a common foundation of first understanding the outcome desired and, then, seeking the best way to gain the expected outcome.

2. The roles and expectations of the installation commander will continue to evolve from the traditional leadership role to accommodate the business-oriented, decision-making challenges emerging from continued resource constraints and changing support requirements:

a. Installation commanders will be relied upon to identify specific areas for improvement and the best means for achieving these improvements. Using the strategic sourcing assessment process (Appendix A) and activity-based performance and cost information, installation commanders will systematically, continuously and comprehensively assess all activities to determine their appropriate sourcing. Commanders will compete all contractible business units that have the potential to return savings using the review criteria at Appendix A. Where competition is demonstrably not feasible, commanders will use other strategic business practices to ensure all installation processes and activities function at their most effective and efficient levels.

b. Installation commanders will use strategic plans to define cost and performance-based metrics and to establish milestones to measure success. Outcome management and strategic sourcing rely heavily on metrics to identify desired outcomes and to ensure business improvements consider both performance and cost measures. The use of performance-based metrics will permit improved comparative analysis or benchmarking and also help ensure that resource reductions do not impair readiness.

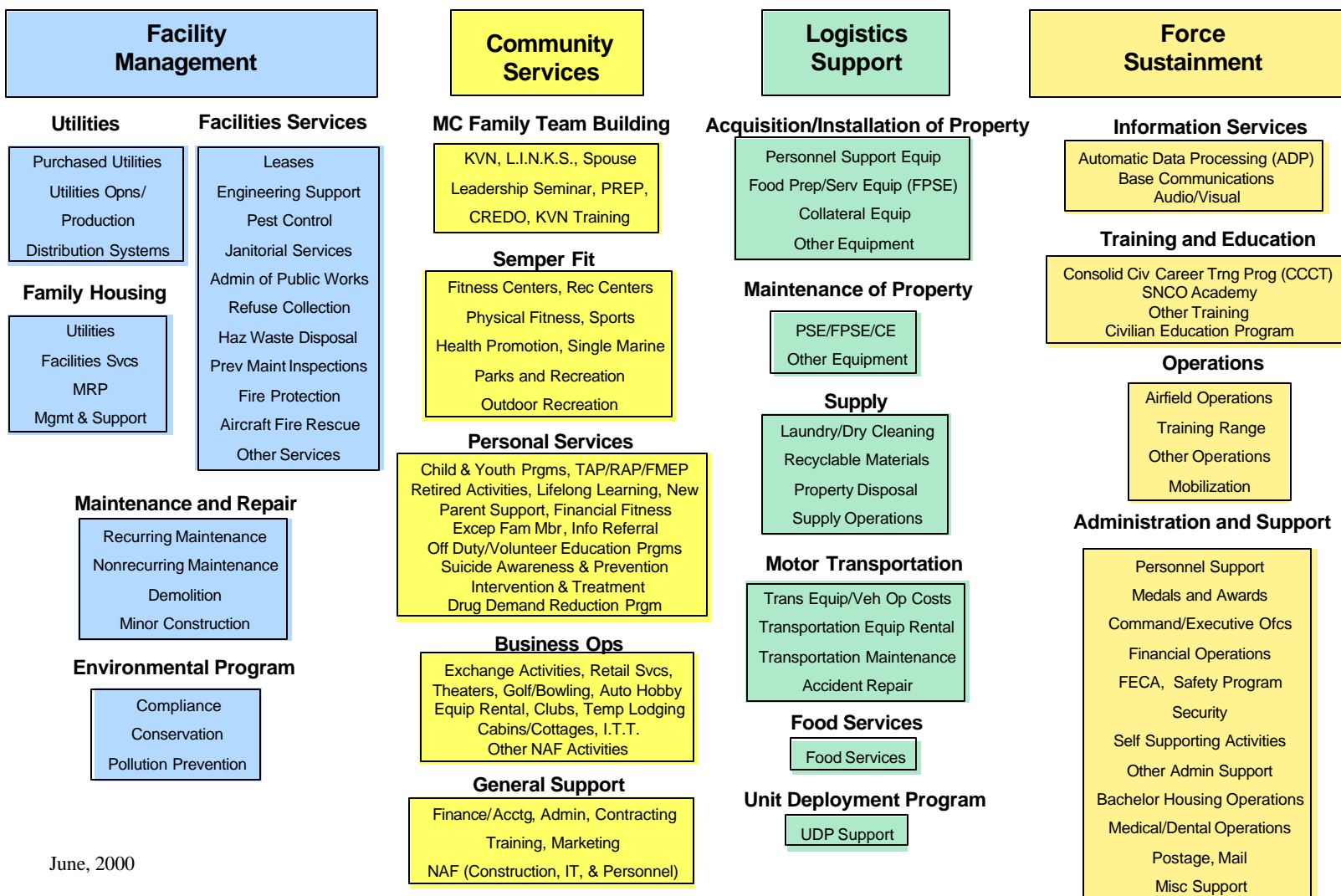
3. Successfully improving performance and reducing resource requirements will depend heavily on our people. Success of this plan depends on the involvement, talent, and creativity of our military and civilian workforce. We will keep all our people informed and involved. We will sustain adequate investment to ensure our personnel have the tools, education, training, and assistance they need. In those cases where a competition takes place, we will ensure equity in the process. We will carefully manage the workforce in order to mitigate negative impacts of initiatives in this plan on any civilian Marine.

4. Implementing performance and cost management skills in the Marine Corps represents significant and enduring change. No organization is better equipped than the Marine Corps to succeed at an endeavor to create enduring organizational change. Implementation of this plan is not based on the ideal of making businessmen out of Marines – although business skills are prerequisites for success. On the contrary, it is mainly designed to equip our installations' workforce with the tools necessary to apply the Marine Corps' proven leadership principles to the management of the Business Enterprise.

**While achieving these important business visions and strategies, we will never lose sight of our first priority--ensuring that our operational forces are ready to fight!**



# Installations Business Model



June, 2000

## **Expected Outcomes**

Over the next two years, implementation of this business plan is expected to produce the outcomes listed below. The Center for Business Excellence (CBE), the business management office for HQMC, established by this plan, is tasked to coordinate the planning, sequencing, and implementing of the strategies and actions associated with the business plan.

1. Installations dramatically reduce resources consumed without reducing quality of goods and services provided to the operating forces, Marines, and their family members. By FY04, costs decline by \$110M per year without compromising mission support and 800 Marines are made available for reassignment to the operating forces in addition to the 2,000 Shore Establishment (SE) billets identified to date. Operating forces increase their understanding of affordable support.
2. Strategic sourcing assessments are completed for all activities and action plans are updated.
3. Common strategic planning templates are used to develop strategic plans for HQMC, intermediate commands, and installations. Strategic plans are used routinely by installation commanders to set meaningful direction and to align the activities of their staffs. These strategic plans endure as commanders are reassigned.
4. Uniform, cross-functional ABC/M models are developed at all installations.
5. Benchmarks and best practice analyses for core business processes and high value activities at all installations are published.
6. Uniform definitions of business reform terms and data categories are published and implemented.
7. Data collection for resources and for key operational data in ABC/M models is automated.
8. Relevant ABC/M information that requires little or no training to navigate is available on desktop PCs for decision-makers, managers, and analysts at all levels.
9. A plan for more effective and efficient management of business knowledge is completed.
10. Activity/performance-based resource management is implemented at all 16 installations.
11. The USMC Center for Business Excellence (CBE) is operational and appropriately staffed with minimal funding and consultant support required.
12. Core ABC/M modelers at each installation are certified.
13. Key skills and personnel (in and out of uniform) are identified and appropriate personnel and structure adjustments are made to sustain business skills for both military and civilians needed at HQMC, intermediate commands, and installations.
14. An education and training program to sustain in-house business skills is established.
15. A plan is developed to define common principles required for the USMC and to align human resource strategies with the world-class performance management goals outlined above.

Appendix A provides a template and guidelines for assessing Strategic Sourcing Program opportunities. Appendix B summarizes the strategies and actions associated with achieving these outcomes. Appendix C provides a glossary of acronyms and definition of key terms used in this plan.



## FOCUS AREAS

### Focus Area I: Planning

*Laying the groundwork for successful management of the Business Enterprise*

**Strategy 1.1:** Develop a single USMC installation strategic plan that coordinates all key HQMC stakeholders (including Aviation, LF, LP, MCCS, and C4) and installation stakeholders.

**Strategy 1.2:** Develop a strategic plan and balanced scorecard for each installation based on a uniform template that supports the mission, vision, key processes and outputs, strategies, and measurements contained in the USMC plan.

**Strategy 1.3:** Develop a plan to collect installation resource requirements in activity/performance-based format consistent with the USMC installation strategic plan and scorecard.

**Strategy 1.4:** Review entire organization using the strategic sourcing assessment process (Appendix A) to determine the best sourcing alternative for all Marine Corps activities.

**Strategy 1.5:** Publish and implement standard definitions for business reform terms.

**Strategy 1.6:** Create USMC Center for Business Excellence (CBE).

**Strategy 1.7:** Integrate MARFORRES into Installation Reform.

### Focus Area II: Execution

*Implementing best business practices from the private and public sectors*

**Strategy 2.1:** Improve visibility of performance and cost data for installation business processes/activities using activity-based models.

**Strategy 2.2:** Use activity-based information and the results of strategic sourcing assessments (Appendix A) to improve performance and dramatically reduce resources through competition, regionalization, partnering with others, process management, divestiture of functions (privatization, reduction, elimination) and other best business practices.

**Strategy 2.3:** Leverage information technology.

**Strategy 2.4:** Complete announced A-76 competitions on schedule and continue to perform reviews to identify opportunities for additional competitions.

### Focus Area III: Metrics and Reports

*Measuring outcomes and monitoring progress of the business plan*

**Strategy 3.1:** Validate FY99 baseline data based on activity based modeling effort and add key FY99 (baseline) performance measures.

**Strategy 3.2:** Use the FY99 baseline data to measure improvements in performance and cost management of installations.

**Strategy 3.3:** Revise outcomes and measures based on strategic plans and strategic goals.

### Focus Area IV: Human Resources

*Taking care of our people and implementing best practices in managing human resources*

**Strategy 4.1:** Develop an executable transition management program to take care of our people throughout the business reform implementation process.

**Strategy 4.2:** Maintain communications plans to keep the workforce fully informed.

**Strategy 4.3:** Develop a plan to identify needed business skills and an education and training plan to develop and to sustain those skills in the in-house workforce.

**Strategy 4.4:** Develop installation staff, structure, and billet requirements to support the Business Enterprise.

**Strategy 4.5:** Develop human resource best practices, e.g., recruiting, training, promoting, performance recognition, to align with other improved business practices.

## **Focus Area I: Planning**

### ***Laying the groundwork for successful management of the Business Enterprise***

This focus area recognizes that the principle responsibility of senior leadership is to set direction. Planning lays the groundwork for delivering affordable goods and services better, faster, cheaper. Complemented by activity-based performance and cost data, strategic plans can effectively align the organization's direction with the goods and services required by operating forces, the activities that produce these products and services, and the resources consumed by the activities. Activity-based information is also essential to measure progress against strategic goals. The strategic planning process also ensures that command priorities are aligned with both the USMC Installations and the Logistics Campaign Plans and with other relevant USMC planning documents.

#### **Strategy 1.1: Develop a single USMC installation strategic plan that coordinates all key HQMC stakeholders (including Aviation, LF, LP, MCCA, and C4) and installation stakeholders.**

This strategic plan fills the gap between long-range 2020 vision and the near term actions contained in business plan updates and resource requirement process. It will serve as a guide for installation strategic plans by establishing high-level strategies, terminology, processes/activities, and performance measures.

**Action 1.1.1:** LR coordinates (with installation, MARFORs, and HQMC staffs) development of a single USMC strategic plan that provides guidance and definitions to installation commanders concerning the vision, mission or expected results, customers, products and services, key processes and activities, and resources available for consumption by activities. The plan will include a balanced method to measure accomplishment of strategic goals.

**Due:** Dec 00

#### **Strategy 1.2: Develop a strategic plan and balanced scorecard for each installation based on a uniform template that supports the mission, vision, key processes and outputs, strategies and measurements contained in the USMC plan.**

**Action 1.2.1:** LR coordinates development of a plan to develop installation strategic plans based on a uniform template/format that allows for differences among installations.

**Due:** Oct 00

**Action 1.2.2:** Installation commanders (with LR support) develop strategic plans and a balanced scorecard for each installation based on the USMC strategic plan and the uniform template developed in Action 1.2.1.

**Due:** TBD based on 1.2.1 milestones

#### **Strategy 1.3: Develop a plan to collect installation resource requirements in activity/performance-based format consistent with the USMC installation strategic plan and scorecard.**

**Action 1.3.1:** LR publishes a plan to collect activity/performance-based data for POM 04.

**Due:** Nov 00

**Action 1.3.2:** LR (with DC P&R and L3) publishes activity/performance-based POM 04 guidance for installations.

**Due:** Aug 01

**Strategy 1.4: Review entire organization using the strategic sourcing assessment process (Appendix A) to determine the best sourcing alternative for all Marine Corps activities.**

**Action 1.4.1:** LR publishes guidance required for strategic sourcing assessment. Reporting requirements will be kept to a minimum consistent with external reporting requirements.

**Due:** Oct 00

**Strategy 1.5: Publish and implement standard definitions for business reform terms.**

**Action 1.5.1:** LR develops and circulates for comment a plan/concept for publishing a standard activity-based dictionary.

**Due:** Dec 00

**Action 1.5.2:** LR develops and circulates for comment a draft standard activity-based dictionary.

**Due:** May 01

**Action 1.5.3:** LR publishes a standard activity-based dictionary on the LR web-site.

**Due:** Jul 01

**Strategy 1.6: Create USMC Center for Business Excellence (CBE)**

The CBE is the HQMC business management office. It supports installation commanders and their staffs, serves as a clearing house for gathering best practices and benchmarks from both internal and external organizations, and disseminates them across the Marine Corps. The CBE provides business analyses and reports to senior leaders.

**Action 1.6.1:** LR coordinates and publishes mission, roles and responsibilities, personnel and resource requirements for the USMC CBE at HQMC in a manner that minimizes use of consultant support.

**Due:** Feb 01

**Action 1.6.2:** USMC CBE develops plan to publish benchmarks and best practice analyses.

**Due:** Sep 01

**Strategy 1.7: Integrate MARFORRES into Business Reform.**

**Action 1.7.1:** P&R (with COMMARFORRES and LR) establishes MARFORRES' potential contribution to modernization wedge.

**Due:** Sep 00

**Action 1.7.2:** MARFORRES defines requirement and (with LR) proposes a plan to implement ABC/M in Reserves.

**Due:** Oct 00

**Action 1.7.3:** MARFORRES defines Reserves' structure, training, and education requirements for business reform.

**Due:** Dec 00

## **Focus Area II: Execution**

### ***Implementing best business practices from the private and public sectors***

This focus area and its supporting strategies recognize the need to implement best business practices from private and public sectors, using a wide range of tools that will encompass the entire spectrum of both governmental and commercial functions performed at our installations. A key foundational element in selecting tools and achieving results will be the use of activity-based information by decision-makers to improve performance and reduce costs. ***Learning new business practices or investing in activity-based information has little value if we don't make the hard decisions to change things... to reduce costs, to improve performance, and to invest in the future.***

Every installation will strive to achieve a most efficient and effective organization by using the full spectrum of business practices and techniques. Competitive sourcing will be used as the preferred method for commercial activities to the extent that competition is feasible. All determinations that competition of commercial activities is infeasible will be coordinated with CMC (LR).

While all Marines are inherently governmental by definition, the work they perform at USMC installations oftentimes is not. Various business tools may be used to convert military billets to either governmental civilian or contractual performance and to free Marines for reassignment to the operating forces or to other billets where they provide greater “value added” to making Marines and winning battles. Where additional funding is required to replace Marines with civilian or contract personnel, a request to CMC (P&R) via LR for additional O&MMC dollars must precede a decision to replace the Marines. Installation commanders will strive to free up Marines, particularly first term-ers, for the operating forces without incurring any additional O&MMC costs.

Installations will seek opportunities to reduce infrastructure costs by working cooperatively with other USMC, DON, DoD, Federal, state and local government organizations. No tenant should do what a host should do, no host should do what a regional provider should do, and no regional provider should do what the private sector can do more cost effectively. Installations will also use tools such as Reinvention Laboratories and the Beneficial Suggestion program to identify and remove roadblocks that impede performance and increase costs.

A key element in execution of the business plan is the development of cross-functional models at each installation that are reasonably consistent with each other. Cross-functional models are essential to becoming a process/outcome based organization and permit additional efficiencies not feasible when the organization is reviewed strictly in functional stovepipes. Uniform models also facilitate benchmarking with other governmental and private sector organizations.

The force or local commander shall retain locally programmed savings from these initiatives in excess of the assigned modernization wedge. DC P&R will reprogram savings associated with Centrally Managed Programs dollar for dollar unless retention is otherwise justified by the Appropriation Sponsor. The wedge itself will be revalidated in POM 04, as it was during POM 02, to see if additional resource realignment to the operating forces is feasible.

#### **Strategy 2.1: Improve visibility of performance and cost data for installation business processes/activities using activity-based models.**

**Action 2.1.1:** LR coordinate with installation commanders and DC M&RA (MR) to develop a reasonably consistent level of initial model development across all installations. All resources, including MCCS/NAF, shall be included in the models. Policy will be established concerning depreciation and other overhead costs not currently the responsibility of the installation commander, such as M2/R2, military construction, procurement costs, and contracts managed by higher headquarters.

**Due:** Nov 00

**Action 2.1.2:** Based on USMC strategic plans, installation commanders (with LR support) will develop reasonably uniform cross-functional models at each installation. These models will be used to facilitate both external and internal benchmarking, development of a USMC standard activity-based dictionary, scorekeeping against the USMC strategy, and collection of activity/performance-based resource requirements for POM 04.

**Due:** Cross functional models will be completed by Oct 01

**Strategy 2.2:** Use activity-based information and the results of strategic sourcing assessments (Appendix A) to improve performance and dramatically reduce resources through competition, regionalization, partnering with others, process management, divestiture of functions (privatization, reduction, elimination), and other best business practices.

**Action 2.2.1:** Installation commanders will complete a vigorous business process review in all activities and update implementation plans to improve efficiency and effectiveness of all processes and activities on the installation. Reductions in costs will be accomplished using strategic sourcing assessments performed using the Strategic Sourcing Program Decision Tree and Guidelines at Appendix A to meet FY04 savings goals and to free up at least 800 additional Marines for reassignment to the operating forces without requiring any additional O&MMC funding to the SE.

**Due:** Action plans should be updated by 1 Oct 01 based on LR strategic assessment guidance.

**Action 2.2.2:** HQMC functional managers will include discussions on applying ABC/M data and ABC/M practices within their functional areas in developing guidance and conference agendas.

**Due:** Ongoing

**Strategy 2.3:** Leverage information technology.

**Leveraging technology in this business plan means two things: simplifying data collection and delivering user-friendly information to the decision-maker's desktop. Future effort will be required to develop the management of business knowledge more fully.**

Collection of activity-based data is accomplished principally in three ways: (1) mapping from legacy databases (e.g., SABRS, MAXIMO, COMPUTRON), (2) developing Access databases or Excel spreadsheets for operational information currently maintained manually, or (3) using Oros "Survey" for the rest of the data. Once cross-functional, activity-based models are developed, the Marine Corps will initiate efforts to significantly simplify data collection for updating ABC/M models. The Marine Corps cannot afford a multi-million dollar solution to automate data collection for installation activity-based models and will strive to use existing tools and commercial-off-the-shelf products to satisfy this requirement and integrate them into a comprehensive knowledge management information system.

The primary purpose of developing activity-based models and collecting activity-based information is to improve day-to-day decision-making by installation commanders and their staffs. A downstream capability of activity-based models will permit similar decision support to the HQMC, MARFOR, and MATCOM commanders and their staffs. This strategy is intended to ensure the appropriate tools are in place to facilitate use of activity-based data by decision-makers who lack sophisticated data management skills. Through use of off-the-shelf software, our existing Oros Suite, and Internet technology, the Marine Corps will bring activity-based data to the user's desktop computer within the architecture of the forthcoming Navy/Marine Corps Intranet (N/MCI) and make relevant information available to decision-makers with minimal training required.

Our ability to leverage technology also depends significantly on our adjusting our business practices, processes, workflows and regulations to realize the potential of new technology. We must be willing to change the way we do business to ensure that we can fully utilize the potential the new technology provides us for enhancing the support we provide our primary customer, the operating forces.

**Action 2.3.1:** LR (with C4, MCCDC, MARCORSYSCOM) publishes a plan to automate collection of resource data and some operational data based on uniform cross-functional models.  
**Due:** Dec 00

**Action 2.3.2:** LR (with C4, MCCDC, and MARCORSYSCOM) develops data architecture to link data sources to activity-based models.  
**Due:** TBD

**Action 2.3.3:** LR coordinates implementation of a uniform solution to simplify data collection from three sources: data in existing systems, data not currently automated that can be put on Excel or Access formats, and other data to be collected using Oros survey. (Note: all data collection may not be automated, the goal is to streamline the most labor-intensive data collection efforts.)  
**Due:** Apr 01

**Action 2.3.4:** LR coordinates and publishes a plan to identify and satisfy enterprise business information reporting requirements.  
**Due:** Mar 01

**Action 2.3.5:** LR coordinates with C4, MCCDC, MARCORSYSCOM and the installations to develop uniform architecture to deliver appropriate data to decision-makers desktop.  
**Due:** TBD

**Action 2.3.6:** LR coordinates development of a uniform plan to manage business knowledge.  
**Due:** Jul 01

**Strategy 2.4: Complete announced A-76 competitions on schedule and continue to perform reviews to identify opportunities for additional competitions.**

**Action 2.4.1:** Installation commanders ensure A-76 competitions remain on schedule for completion within 24 months after the announcement.

**Due:**

- NLT Apr 01: Albany, Barstow, Beaufort, Cherry Point, Pendleton, Quantico, San Diego, Yuma
- NLT Mar 02: 29 Palms, Hawaii, Henderson Hall, Lejeune, and Parris Island

**Action 2.4.2:** COMMARFORPAC ensures that 29 Palms and Hawaii include all related logistic and overhead functions in their FY00 A-76 studies. Additional functions will be forwarded to HQMC (LR) for coordination and Congressional announcement as appropriate. (This review repeats the process implemented for FY99 announcements.)

**Due:** Aug 00

**Action 2.4.3:** LR publishes guidance for CAMIS reporting.

**Due:** Aug 00

**Action 2.4.4** Installation commanders ensure status of A-76 competitions is maintained in Commercial Activities Management Information System (CAMIS) database. CAMIS will replace the existing quarterly reporting requirements for ongoing A-76 studies.

**Due:** First update required no later than Dec 00 and quarterly thereafter.

**Action 2.4.5:** LR Division includes CAMIS status information in quarterly updates for senior leadership.

**Due:** First update Jan 01: ongoing afterwards.

**Action 2.4.6:** Installation commanders will report additional opportunities for A-76 competition based on analysis of the inherently governmental/commercial activity (IHG/CA) inventory, strategic sourcing assessments, and activity-based model development.

**Due:** Annually in October

## **Focus Area III: Metrics and Reports**

### ***Measuring outcomes and monitoring progress of the business plan***

This focus area and its supporting strategies recognizes that metrics and recurring reports are needed to measure savings and performance impacts of the business plan and to ensure that savings initiatives do not have adverse impacts on readiness. Measuring progress of reform initiatives warrants designation as a separate focus area due to the future scrutiny and probable audits to which baseline metrics and savings claims will be exposed.

Metrics and reports will concentrate on critical measures of cost and performance to ensure that savings are real and resource savings initiatives improve, and do not diminish, readiness.

Reports will focus to the maximum extent feasible on information that is already being reported and analyzed as part of the normal installation management process.

The measures included in this focus area are developed through the strategic plan and balanced scorecard efforts defined in Focus Area I.

#### **Strategy 3.1: Validate FY99 baseline data based on activity-based modeling effort and add key FY99 (baseline) performance measures.**

Baseline data establishes an auditable snapshot of the financial and performance situation at each installation for use in measuring future savings. The baseline snapshot will be made based on initial FY99 ceiling tracks, using the installations business model at Figure 2, which divides the USMC's installation infrastructure by areas--Facility Management, Community Services, Logistics Support, and Force Sustainment--further subdivided by function and sub-function.

To simplify the baseline validation process, data gathering efforts will focus on the following three readily available measures of resources required for each of the sub-functions in the installation business model: (1) numbers of civilian and military personnel, (2) the costs of materials, supplies, travel, training, and other costs, and (3) the costs of support contracts.

**Action 3.1.1:** LR coordinates re-validation of FY99 BRS data.

**Due:** Aug 00

**Action 3.1.2:** LR (with installation commanders, their chains of command, and the appropriate HQMC offices) identifies both cost-based and performance-based metrics for sub-functions in the installations business model that map to the outcomes associated with the functions and processes identified in strategy 2.1. These metrics will be based on what we have learned building ABC models over the previous 15 months and on strategic plans. The metrics will be used to ensure installation infrastructure costs are measured consistently throughout the Marine Corps and that better business initiatives do not adversely impact readiness and the support provided to the operating forces.

**Due:** 1 Nov 00

**Action 3.1.3:** LR coordinates maintenance of baseline reporting concept and data requirements with force and installation commanders, using the sub-functions in Figure 2.

**Due:** Semi-annually.

#### **Strategy 3.2: Use the FY99 baseline data to measure improvements in performance and cost management of installations.**

**Action 3.2.1:** Installation commanders report (with auditable accuracy) improvements in performance and reduction in resources consumed using the BRS database and scorekeeping

system. Improvements are reported by fiscal year, type of initiative (competitive sourcing, process improvement, regionalization, privatization/elimination) and business model category.

**Due:** End of 2nd and 4<sup>th</sup> quarters.

**Strategy 3.3: Revise outcomes and measures based on strategic plans and strategic goals.**

This strategy was deferred from last year's business plan in order to gain performance information provided by development of initial ABC models.

**Action 3.3.1:** LR coordinates development and review of performance measures in scorekeeping baseline.

**Due:** Sep 01

**Action 3.3.2:** LR provides quarterly progress updates to the senior leadership. Included in the reports will be progress on meeting the modernization wedge, completion status of A-76 studies, and implementing the status of other initiatives in this plan.

**Due:** Quarterly



## **Focus Area IV: Human Resources**

### ***Taking care of our people and implementing best practices in managing human resources.***

Taking care of our people--our active duty and reserve Marines and our civilian Marines--is a priority second only to mission accomplishment. We will ensure that every effort is made to balance this principle with the requirements to reduce costs and overhead. We will carefully manage any transitions resulting from all business improvement initiatives to minimize possible personnel disruptions and to maximize placement opportunities. Not only must a specific plan be developed to take care of our people, we must also do a first class job at communicating a clear and credible plan of what we will do. In some cases, we may need to consider short-term delays in attaining savings in order to ensure we take care of our people first.

A concerted effort to evaluate best practices in human resource management must accompany improvements in performance and reduction in cost on installations. Finally, taking care of people includes identification of business skills, education and training requirements as well as structure changes required to achieve the Business Enterprise vision. We must equip our people to succeed!

#### **Strategy 4.1: Develop an executable transition management program to take care of our people throughout the business reform implementation process.**

**Action 4.1.1:** DC M&RA (MPO) (with commanders and HRO staffs) develops and implements an effective plan to minimize impact of any workforce reductions and to identify the resources required to implement the plan. The plan will include aggressive use of all the tools available within the civilian personnel system, such as the use of early retirement incentives, retraining, transition assistance, job placement assistance, and job fairs.

**Due:** Ongoing

**Action 4.1.2:** Force and installation commanders ensure a clear and credible HRO plan supports the Business Enterprise initiatives.

**Due:** Ongoing

**Action 4.1.3:** MCCDC/TFSD chair a working group, supported by DC M&RA, DC P&R, and LR representatives, to develop procedural guidelines for transitioning Marines from the installations to the operating forces to ensure that the transition is synchronized with the installation commander's requirements. These procedures need to limit personnel gaps on the installations and avoid moving Marines prior to the availability of O&MMC funding.

**Due:** Jan 01

#### **Strategy 4.2: Maintain communications plans to keep the workforce fully informed.**

Communication is an essential element of successful change. A great vision or plan cannot serve its purpose if only a few people understand it. We are challenging our workforce as they assist in implementing reform methods, while maintaining current day-to-day responsibilities. Some workers will perceive a reduction in career opportunities or even a threat to their current jobs. These perceptions must be met with facts that are transmitted systematically, candidly, and widely in a compelling manner.

The communication plan must continually emphasize that every available kind of support will be provided to the existing workforce and every effort will be made to balance our principle of taking care of our people with the absolute requirement to invest in the equipment our 21<sup>st</sup> Century Marines will need to win future battles. While the Public Affair Office's (PAO) role is critical, leadership at all echelons across the Marine Corps must make a personal commitment to communicate the business reform vision and its importance.

**Action 4.2.1:** PAO continues to coordinate with force and installation commander staffs to maintain a public affairs program that not only keeps our people fully informed of all business reform initiatives but that also ensures our people understand we will provide them with every opportunity under law and regulation to retain their employment, such as right of first refusal and priority placement. PAO will maintain guidance for communication plans and, in coordination with the local business reform points of contact, will establish a centrally managed process to disseminate all current information.

**Due:** Ongoing

**Action 4.2.2:** Installation commanders continue to implement effective local communication plans.

**Due:** Ongoing

**Action 4.2.3:** PAO (with LR) develops a communication plan to demonstrate to external stakeholders the efforts being expended by the USMC to better manage resources provided us.

**Due:** Mar 01

**Strategy 4.3: Develop a plan to identify needed business skills and an education and training plan to develop and to sustain those skills in the in-house work force.**

A number of support mechanisms and competencies will be required to achieve and sustain success in business reform. These may represent an entirely new set of skills that do not currently exist at the installation level today. We must improve our business capabilities in areas such as strategic planning, cost management, performance management, process management, project management, reengineering, right sourcing, and service contract formulation and administration.

**Action 4.3.1:** LR develops (with MARFORs, MATCOM, and installation commanders) a plan to identify key business skills.

**Due:** Jul 00

**Action 4.3.2:** LR (with COMT&E, MARFORs, MATCOM, and installation commanders) develops, coordinates, and completes a robust education and training plan to equip Marines and civilian Marines on our installations with business skills necessary to succeed in the 21<sup>st</sup> century.

**Due:** Oct 00 (or earlier if feasible)

**Action 4.3.3:** LR (with installations and consultants) ensures core ABC/M modelers are certified.

**Due:** Sep 01

**Strategy 4.4: Develop installation staff, structure, and billet requirements to support the Business Enterprise.**

**Action: 4.4.1:** LR (with MPO, AR, MARFORs, MATCOM and installation commanders) recommends a plan to identify and to implement organizational, structural, and civilian and military personnel changes necessary to sustain best business practices over the long run.

**Due:** Oct 00

**Strategy 4.5: Develop human resource best practices, e.g., recruiting, training, promoting, performance recognition, to align with other improved business practices.**

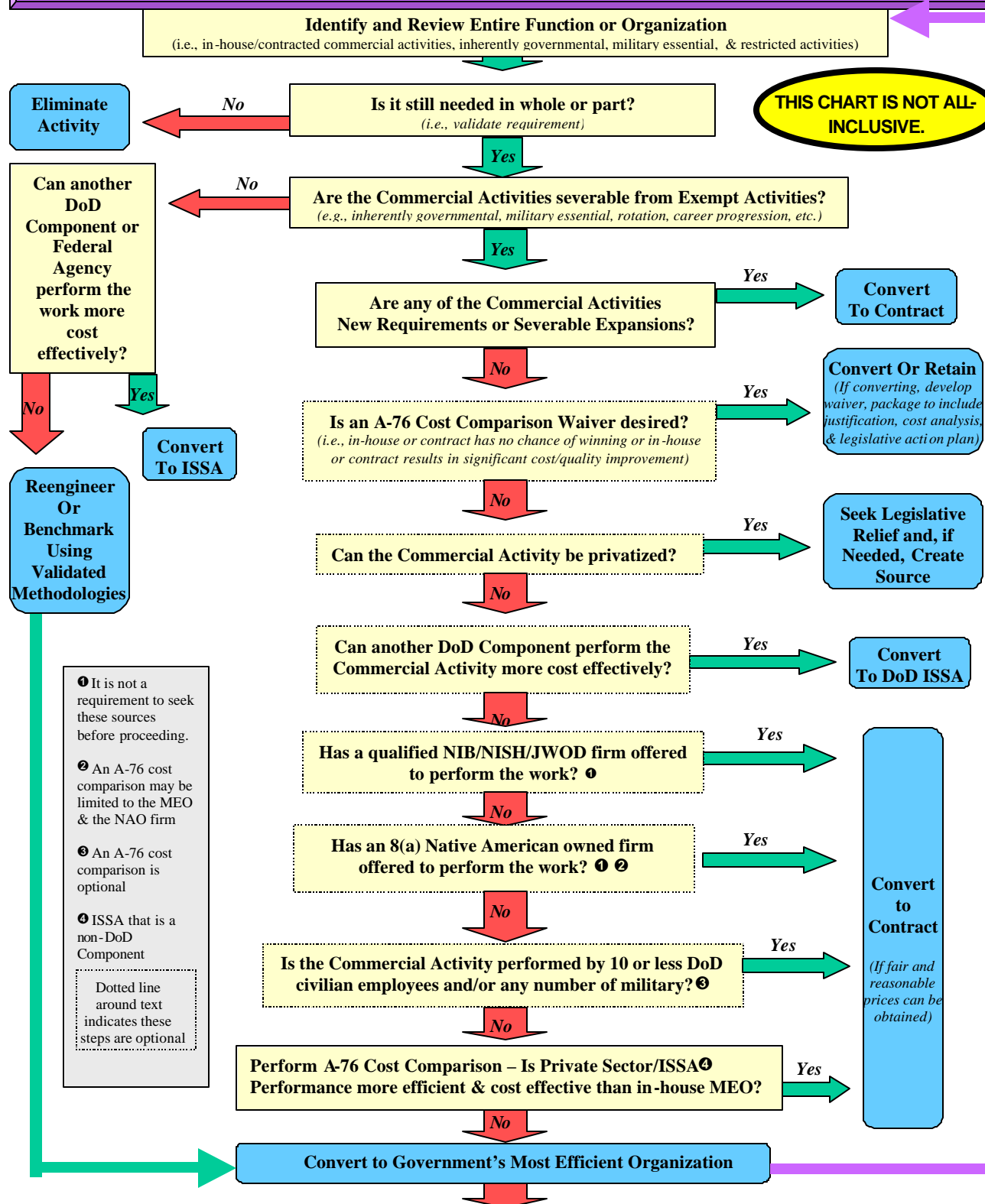
**Action 4.5.1:** DC M&RA (MPO) (with LR, AR, and HRO) assesses human resource impediments to improving performance and reducing costs on installations.

**Due:** Jul 01

**Action 4.5.2:** DC M&RA (MPO) (with LR, AR, HRO, MARFORs and MATCOM) develops a plan to implement best practices for improving human resource management on installations.

**Due:** Oct 01

## Appendix A: Strategic Sourcing Program Decision Tree and Guidelines



## STRATEGIC SOURCING PROGRAM GUIDELINES

The Strategic Sourcing Program is intended to maximize effectiveness, efficiencies, and savings throughout the Marine Corps shore infrastructure by providing a broader approach for Marine Corps commands to meet or exceed their installation reform savings goals. Rather than focusing solely on the traditional OMB Circular A-76 process, it supplements this approach by extending the opportunities for achieving efficiencies to areas that are exempt from the A-76 competitive process as outlined in the Strategic Sourcing Program Decision Tree.

Strategic sourcing will provide commands with a structured approach for looking across every function and organization and determining what processes can be eliminated, improved, or streamlined using either A-76 competitions or a broad range of reengineering techniques. The focus on reviewing processes at more macro levels as opposed to reviewing existing functional alignments should result in more efficient realignment of functions and process improvements. It should also enable commands to identify and segregate additional competition candidates from functions containing a mix of commercial, commercial exempt from competition, and governmental functions that had not been previously available for A-76 competitions. This aspect is critical, since A-76 competitions will continue to remain a dominant factor in the Marine Corps' plan to conduct business-oriented functions more efficiently. Commands will adhere to the following guidelines as they conduct strategic sourcing analyses using the review processes and criteria outlined in the Strategic Sourcing Decision Tree:

### **Competitive sourcing will be used for all commercial functions, unless otherwise justified to HQMC.**

- Pursue multi-function and/or regional competitions unless analysis demonstrates that single function or local studies will yield greater savings or are more executable and manageable.
- Include existing contracts in competitions where feasible.
- Conduct a competitive analysis to determine if direct conversion of small functions with 1-10 positions is warranted, if they cannot be included in a larger multi-function or regional study.
- Plan to complete all single function competitions within 12 months and all multi-function competitions within 24 months, not counting transition time.
- Structure regionalization initiatives involving commercial functions as regionalized competitions that will lead to either a regionalized most efficient organization (MEO) or a regionalized contract, rather than pursuing regionalizations and competitions as separate, serial actions.
- Use the methodology outlined in the Navy's Strategic Sourcing Support Office's Handbook, *Succeeding at Competition*, to ensure that the MEO and Performance Work Statements (PWS) are developed in parallel and that the schedules reflect the 12 month goal for single functions and the 24 month goal for multifunction studies directed in Action 2.4.1.

### **Regionalization will be coordinated by the East and West Coast Regional Review Boards with participation of HQMC program sponsors and MATCOM.**

- Regionalization efforts will consider both governmental and commercial candidates.
- Regionalizations of commercial functions will be developed with the goal of identifying competable entities that will be incorporated into simultaneous, regionalized A-76 competitions, unless otherwise exempted by HQMC. These initiatives will evaluate the trade-offs associated with including such functions in base-wide competition initiatives versus segregating them into regional competitions.
- The gaining command for a given regional initiative will receive a Budget Base Transfer from all participating commands for the function being regionalized. The gaining command will also receive a share of the wedge from each contributing command proportional to its regionalized function's portion of the contributing command's baseline.

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- Regionalization offers potential opportunities to outsource, to better manage excess government capacity, or to share services with the local communities. Installations will seek opportunities to reduce infrastructure costs by working cooperatively with other USMC, DoD, local government and other Federal organizations. No tenant should do what a host should do, no host should do what a regional provider should do, and no regional provider should do what the private sector can do more cost effectively.

**Reengineering or benchmarking in the strategic sourcing program and this business plan refers to a structured review of a function or functions using validated methodologies with the twin goals of enhancing performance and reducing costs.**

- In all cases, reengineering and benchmarking focuses on identifying and understanding the desired outcome of an existing process and then seeking the best way to achieve that outcome by applying rigorous analysis. The key to success lies in focusing the analysis on achieving desired outcomes without limiting the review to existing organizations and processes. Background information on reengineering, benchmarking, process modeling and analysis, performance measurement and other related topics can be obtained via Internet at <http://www.c3i.osd.mil/org/bpr.html>

- Reengineering is a primary savings tool that will be applied both to functions performed both internally and externally, e.g., via a contract or an interservice support agreement. Internal reengineering can capture savings from process changes associated both with personnel realignments and with other funding categories such as facilities, contracting, printing, travel, supplies, and equipment. External reengineering can identify cost savings by incorporating incentives or requirements for process improvement initiatives into both contracts and interservice support agreements with external providers

**Divest selective functions through privatization, reduction, or elimination.**

- Currently only family housing and utilities are being considered as DoD-wide candidates for privatization. The privatization of these two functions, involving transfer of government real property in addition to the requirement for service, was authorized by specific enabling legislation. As a result, they are being managed centrally across the Marine Corps by HQMC (LFF). Where either of these functions is an integral part of a logical, completable business unit, it should normally be considered for inclusion in an A-76 competition, unless the timing of the competition initiative and the privatization initiative present implementation problems. In such cases, installations in coordination with their chains of command may elect to defer the competition of the affected functions until a privatization decision is finalized.

- Since privatization initiatives typically require enabling legislation, they are long-range tools. Any new proposals for functions other than family housing or utilities should be submitted to HQMC via the chain of command for evaluation as potential candidates for USMC legislative proposals. Given the uncertainty and delay associated with the legislative process, commands should focus their primary efforts in this area on executing housing and utilities initiatives and on identifying lower priority functions for elimination or reduction of effort.

- The Navy/Marine Corps Intranet, now under development by the DON, will also result in a significant but as yet to be determined divestiture and realignment of IT services across the Marine Corps. This effort is being centrally managed by the DON's Chief Information Officer and is intend to unify and streamline the use of IT across the DON.

These initiatives will not adversely impact mobilization or readiness requirements.

## APPENDIX B: SUMMARY OF ACTIONS REQUIRED BY DATE

**Note:** All of the actions identified in the business plan will require extensive participation and coordination involving many different offices across the installations' chains of command and HQMC. For purposes of conciseness, this summary only lists the principal lead organizations, omitting references to the many reviewing offices and commands that will be participating as the actions evolve.

<b>Due Dates</b>	<b>Actions</b>	<b>Lead Organizations</b>
<i>Ongoing</i>	2.2.2 Apply ABC/M data and practices across each functional area	HQMC functional managers
<i>Ongoing</i>	4.1.1 Develop plans to minimize impacts of work force reductions	MPO, HRO
<i>Ongoing</i>	4.1.2 Ensure effective implementation of HRO plans	Inst CG/CO
<i>Ongoing</i>	4.2.1 Maintain effective public affairs program	PAO
<i>Ongoing</i>	4.2.2 Implement effective local communication plans	Inst CG/CO
<i>Quarterly</i>	3.3.2 Provide HQMC leadership with quarterly progress report	LR
<i>Semi-annually</i>	3.1.3 Update scorekeeping reporting system	LR
<i>Semi-annually</i>	3.2.1 Use BRS to report savings and improved performance	Inst CG/CO
<i>July 00</i>	4.3.1 Identify key business skills	LR
<i>August 00</i>	2.4.2 Include related logistic and overhead support in A-76 studies at 29 Palms and Hawaii	MARFORPAC
	2.4.3 Publish guidance for CAMIS reporting	LR
	3.1.1 Re-validate FY99 BRS data	LR
<i>September 00</i>	1.7.1 Evaluate MARFORRES' potential contribution to the wedge	P&R, MARFORRES, LR
<i>October 00</i>	1.2.1 Develop uniform template for installations' strategic plans	LR
	1.4.1 Publish additional guidance for strategic sourcing assessment	LR
	1.7.2 Develop plan to implement ABC/M in MARFORRES	MARFORRES
	2.4.6 Identify additional A-76 opportunities	Inst CG/CO
	4.3.2 Complete business skills education and training plan	LR, COMT&E
	4.4.1 Recommend plan to identify and implement organizational and structural changes needed to sustain best business practices	LR
<i>November 00</i>	1.3.1 Coordinate plan to collect ABC/M data for POM-04	LR
	2.1.1 Coordinate uniform development of initial ABC/M models	LR, Inst CG/CO, M&RA(MR)

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<b>Due Dates</b>	<b>Actions</b>	<b>Lead Organizations</b>
<i>November 00</i>	3.1.2 Identify cost and performance metrics for installation business model's subfunctions	LR
<i>December 00</i>	1.1.1 Develop single USMC installation strategic plan	LR
	1.5.1 Coordinate concept for standard activity-based dictionary	LR
	1.7.3 Define Reserves' structure, training, and education requirements for business reform	MARFORRES
	2.3.1 Publish plan to automate data collection	LR, C4, MCCDC, SYSCOM
	2.4.4 Maintain A-76 status in CAMIS	Inst CG/CO
<i>January 01</i>	2.4.5 Provide quarterly CAMIS report to HQMC leadership	LR
	4.1.3 Publish plan to transition affected Marines from installations	MCCDC, M&RA, P&R, LR
<i>February 01</i>	1.6.1 Establish mission, roles, and responsibilities for USMC CBE	LR
<i>March 01</i>	2.3.4 Identify business information reporting requirements	LR
	4.2.3 Develop plan to communicate USMC accomplishments to external stakeholders	PAO
<i>April 01</i>	2.3.3 Stream-line data collection efforts	LR
<i>May 01</i>	1.5.2 Coordinate draft of standard activity-based dictionary	LR
<i>July 01</i>	1.5.3 Publish standard activity-based dictionary	LR
	2.3.6 Develop plan to manage business knowledge	LR
	4.5.1 Assess human resource impediments to improving performance and reducing costs on installations	MPO
<i>August 01</i>	1.3.2 Publish activity-based POM-04 guidance	LR, P&R, L3
<i>September 01</i>	1.6.2 CBE publishes benchmarks and best practices	LR
	3.3.1 Review and revise performance metrics, as needed	LR
	4.3.3 Ensure core ABC/M modelers are certified	LR
<i>October 01</i>	2.1.2 Develop uniform cross-functional ABC/M models	Inst CG/CO
	2.2.1 Update strategic sourcing implementation plans	Inst CG/CO
	4.5.2 Identify alternatives to improve installation human resources management	MPO

Appendix B

<b>Due Dates</b>	<b>Actions</b>	<b>Lead Organizations</b>
<i>Various</i>	2.4.1 Keep A-76 competitions on schedule	Inst CG/CO
<i>TBD</i>	1.2.2 Develop installations' strategic plans and balanced scorecards	Inst CG/CO
<i>TBD</i>	2.3.2 Develop data architecture to link data sources to ABC models	LR, C4, MCCDC, SYSCOM
<i>TBD</i>	2.3.5 Develop data architecture to deliver data to decision-makers	LR, C4, MCCDC, SYSCOM



## APPENDIX C: GLOSSARY OF ACRONYMS AND DEFINITIONS OF KEY TERMS

### Acronyms and Abbreviations

A-76	Office of Management and Budget (OMB) Circular A-76
ABB	Activity Based Budgeting
ABC	Activity Based Costing
ABM	Activity Based Management
AR	Director of Administration and Resource Management, HQMC
BPR	Business Process Reengineering
BRS	Baseline Reporting System
C4	Command, Control, Communications & Computers Department of HQMC
CA	Commercial Activities
CAMIS	Commercial Activities Management Information System
CBE	USMC Center for Business Excellence
COMMARFORLANT	Commander, U. S. Marine Corps Forces, Atlantic
COMMARFORPAC	Commander, U. S. Marine Corps Forces, Pacific
COMMARFORRES	Commander, Marine Forces Reserve
COMT&E	Commander, Training and Education
DC I&L	Deputy Commandant for Installations and Logistics
DC M&RA	Deputy Commandant for Manpower and Reserve Affairs
DC P&R	Deputy Commandant for Programs and Resources
DoD	Department of Defense
Force Commanders	COMMARFORLANT, COMMARFORPAC, and COMMARFORRES
HRO	Human Resources Office
Inst CG/CO	Installation Commanding General /Commanding Officer
IHG	Inherently Governmental
IR	Installation Reform
IT	Information Technology
L3	Resource Management Office, HQMC
LF	Facilities and Services Division, HQMC
LP	Logistics Plans, Policies, and Strategic Mobility Division, HQMC
LR	Installation Reform Division, HQMC
M2/R2	Budget codes for Major Repair Projects (over \$300K) (M2) and for Minor Construction (\$100-300K) (R2), which are managed at HQMC
MAGTF	Marine Air-Ground Task Force
MARCORSYSCOM	Marine Corps Systems Command
MATCOM	Marine Corps Materiel Command
MCCDC/TFSD	Marine Corps Combat Development Center, Total Force Structure Division
MCCS	Marine Corps Community Services
MEO	Most Efficient Organization (term used in context of A-76)
MPO	Manpower Control Branch, DC M&RA
NAF	Non-Appropriated Fund
OMB	Office of Management and Budget
O&MMC	Operations and Maintenance, Marine Corps Appropriations
OPTEMPO	Operational Tempo
PAO	Public Affairs Office
POM	Program Objective Memorandum
PWS	Performance Work Statement
SABRS	Standard Accounting Budget Reporting System

## Definitions of Key Terms

A-76 Competitions. Competitions between the Government and the private sector performed per the guidelines of OMB Circular A-76 (see below.).

Activity. Work performed by people, equipment, technologies or facilities. Activities are usually described by the “action-verb-adjective-noun” grammar convention. Activities may occur in a linked sequence and activity-to activity assignments may exist. (CAM-I)

Activity Based Budgeting (ABB). An approach to budgeting where [an organization] uses an understanding of its activities and driver relationships to quantitatively estimate workload and resource requirements as part of an ongoing business plan. Budgets show the types, numbers of and cost of resources that activities are expected to consume, based on forecasted workloads. The budget is part of an organization’s activity-based planning process and can be used in evaluating its success in setting and pursuing strategic goals. (CAM-I)

Activity Based Costing (ABC). A methodology that measures the cost and performance of cost objects, activities and resources. Cost objects consume activities and activities consume resources. Resource costs are assigned to activities based on their use of those resources, and activity costs are reassigned to cost objects (outputs) based on the cost object’s proportional use of those activities. Activity-based costing incorporates causal relationships between cost objects and activities and between activities and resources. (CAM-I)

Activity Based Management (ABM). A discipline focusing on the management of activities within business processes as the route to continuously improve both the value received by the customers and the profit earned in providing that value. ABM uses activity-based cost information and performance measurements to influence management action. (CAM-I)

Balanced Scorecard. Measuring performance through a variety of key, linked measures that include innovation, growth and learning, internal processes, customer satisfaction, cost, and mission requirements.

Best Practices and Benchmarking. A methodology that identifies the measurement of performance by which other similar items will be judged. This methodology is used to establish performance standards and to aid in identifying opportunities to increase effectiveness and efficiency. Best practices methodology may be applied with respect to resources, activities, cost object, or processes. (CAM-I)

Business Enterprise. Those components of the Marine Corps’ active and reserve forces that provide the goods and services needed to ensure the successful performance of the mission of the operating forces. The Business Enterprise has three components: Acquisition, Logistics and Combat Service Support, and Installations.

Business Process Reengineering. The fundamental rethinking and radical redesign and improvement of business processes to achieve improvements in important measures of performance, such as cost, quality, and service.

CAM-I. Consortium of Advance Manufacturing, International.

CAMIS. Commercial Activities Management Information System, which tracks the progress and outcomes of A-76 studies.

Campaign Plans. Documents published by functional sponsors at HQMC to provide high level overview of missions and direction of USMC. Will be incorporated, where appropriate, into the single USMC installation strategic plan.

Center for Business Excellence (CBE). The Business Management Office for Headquarters Marine Corps. Organized in part from current LR staff. The CBE mission is to facilitate, advocate and enable effective cost and performance management throughout the USMC. CBE responsibilities include performing the following tasks:

- Analyzing, tracking, measuring and comparing USMC progress in implementing and sustaining Activity Based Costing, Management and Budgeting
- Conducting cost/performance analysis
- Tracking, reporting and disseminating meaningful information and results
- Acquiring and leveraging information and knowledge about cost and performance management
- Coordinating and/or conducting cost and performance education and training
- Facilitating collaborative learning, sharing and understanding about best practices and cost/performance management.

Cost Baseline. The current installation resource and spending profile. This baseline will be used in the scorekeeping process to determine savings.

Commercial Activity or Function. A product or service, accomplished by a Federal executive agency, which could be obtained from a commercial source. A commercial activity or function is not an inherently governmental function.

Competitive Sourcing. Competing the cost of in-house government performance versus performance by the commercial sector using the procedures in OMB Circular A-76.

Direct Conversion. The conversion of a function or functions, currently being performed with in-house personnel, to contract without conducting a competitive sourcing competition.

Inherently Governmental. A function or activity so intimately related to the public interest as to mandate performance by Federal employees. Inherently governmental functions include those activities that require either the exercise of discretion in applying Government authority or the making of value judgments in making decisions for the Government. Appendix 5 of the Revised Supplement to OMB Circular A-76 provides detailed guidance on the kinds of activities that meet the criteria of inherently governmental activities.

Installation Reform. That component of the Marine Corps' Revolution in Business Affairs focused on reforming business practices across Marine Corps installations.

Performance Measures. Indicators of work performed and the results achieved in an activity, process, or organizational unit. Performance measures are both financial and non-financial. Performance measures enable periodic comparisons and benchmarking. (CAM-I)

Modernization Wedge. The \$370 million that has been realigned from installation budgets into modernization accounts, to procure equipment that our Marines will need to win 21<sup>st</sup> century battles. A share of the wedge has been allocated to each base and to IT regionalization/competition.

Most Efficient Organization (MEO). The MEO refers to the government's in-house organization to perform a commercial activity in an A-76 competition. It may include a mix of Federal employees and contract support. It is the basis for all Government costs entered on the Cost Comparison Form. The MEO is the product of the Management Plan and is based upon the Performance Work Statement (PWS).

OMB Circular A-76. Document establishing Federal policy regarding the performance of commercial activity studies. It lays out a process developed by the Office of Management and Budget that enables Federal agencies to conduct fair and open competitions between in-house personnel and commercial sources for the performance of commercial functions. The 1996 supplement to the Circular sets forth specific procedures for determining whether it would be more cost effective and efficient to perform commercial functions with in-house government facilities and personnel or through contracting with commercial sources.

Performance Work Statement (PWS) . A PWS is a statement of the technical, functional and performance characteristics of the work to be performed in a contract. It identifies essential functions to be performed, determines performance factors, including the location of the work, the units of work, the quantity of work units, and the quality and timeliness of the work units. It serves as the scope of work and is the basis for all costs entered on the Cost Comparison Form used in an A-76 competition.

Process. A series of time-based activities that are linked to complete a specific output. (CAM-I)

Privatization. The process of changing a public entity or enterprise to private control and ownership. It does not include determination as to whether a support service should be obtained through public or private resources, when the Government retains full responsibility and control over the delivery of those services.

Regionalization. The consolidation/realignment of functions/positions either geographically or organizationally to streamline and achieve savings through the elimination of duplicative functions and/or positions. Regionalization brings together the separate service providers in a geographic region to establish a single service provider. The goal of regionalization is to reduce costs through the elimination of unnecessary management layers, duplicative overhead and redundant functions. Regionalization also facilitates better utilization of the workforce, development of most efficient organizations, opportunities to outsource across an entire region, standardization of processes and regional planning and prioritization.

Resources. Economic elements applied or used in the performance of activities or to directly support cost objects. They include people, materials, supplies, equipment, technologies, and facilities. (CAM-I)

Scorekeeping. The tracking of savings realized in the pursuit of Installation Reform.

Strategic Plan. The strategic plan is the primary tool used by senior management to establish direction, alignment and measurements. USMC strategic plan provides a single source for installation vision, mission, key processes, strategic goals, and measurements of success. The installation strategic plans provide similar guidance, based on the USMC strategic plan, that helps align the various processes and activities on each base.

Strategic Sourcing. A disciplined, systematic and continuous balancing of business values and operating economies. It is a strategic approach to efficiency that is built on competition and benchmarking against best practices. Strategic sourcing recognizes that the criticality and value of different functions to the business enterprise will vary. It identifies candidates for competition, regionalization/consolidation, reengineering, or elimination/privatization by balancing operating economies against the impacts associated with changing the mode of performance.

Vision 2020. Long range vision for USMC installations. Will be developed simultaneously with single USMC strategic plan (which focuses on the mid range prior to 2020).

Note: The USMC is a sponsor of and adopts the standard CAM-I terminology in cost management.